

To the Members of the California State Senate:

I am returning Senate Bill 1432 without my signature.

Since the enactment of the Mello-Roos Community Financing Act of 1982, Mello-Roos taxes have been used to finance the construction of schools, parks, police and fire service, streets, and other services needed to accommodate new home development. This bill makes a number of technical amendments and clarifications which I find unobjectionable.

However, this bill also contains a provision that would allow Mello-Roos taxes to be imposed on homeowners in order to finance affordable housing projects. This provision represents a fundamental shift in the purpose of Mello-Roos taxes and is one that I cannot support. While I support the construction of much-needed affordable housing in our state, the burden to finance that construction should not be placed on homeowners in the form of what is essentially a tax increase.

Sincerely,

Arnold Schwarzenegger